

News Release

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October 5, 2006
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Questar Gas asks PSC to cut rates by 10.5 percent; Request is fourth straight this year

SALT LAKE CITY --- It will cost less to heat a Utah home this winter. Questar Gas today asked the Public Service Commission of Utah (PSC) to reduce natural gas rates for the fourth time this year. If approved, the latest rate cut of \$104.3 million would lower the typical homeowner's annual bill by \$118, or 10.45 percent, beginning Nov. 1.

"The good news for our customers is that our rates are now back to pre-hurricane levels," said Alan Allred, president and CEO of Questar Gas. "The price of natural gas spiked to record levels last fall after hurricanes knocked out nearly 20 percent of U.S. supply. We, like other utilities across the country, had to increase our rates to cover the higher cost of buying natural gas for our customers. With most of that supply now restored, prices have fallen. Last winter's mild weather also led to lower consumption, helping the natural gas industry rebuild inventories. This has also helped the wholesale market price of gas to come down. With this filing we will pass the expected savings on to our customers."

Earlier this year, Questar Gas cut Utah rates three times: \$93.7 million in February, \$38.6 million in April and \$9.7 million in June. This request will bring the year's total reductions to \$246.4 million. Combined, the four rate reductions will result in a \$279, or 21.7 percent, annual savings for the typical Utah household.

The \$9.7 million June decrease was the first step toward implementing a "Conservation Enabling Tariff," awaiting PSC approval as a pilot program. For several years, Questar Gas has

been working with regulators to more aggressively promote energy-conservation programs while still collecting the PSC-allowed revenue needed to maintain and expand its distribution system.

"Approval of these changes will be more good news for our customers," said Allred.

"With approval of the pilot program we will be asking for an additional \$1.1 million decrease.

We're developing programs to promote increased energy efficiency. We expect that the PSC will approve programs that provide a net benefit to all customers. A yearly one percent reduction in customer usage could result in \$85-90 million in savings for customers over five years."

"Our rates are consistently among the lowest in the U.S. These rate cuts and tariff changes will help us keep them among the lowest," said Allred. However, he cautioned customers that natural gas prices will remain volatile. Prices are affected by supply interruptions and changes in demand due to weather and the economy.

As always, we encourage our customers to conserve. For energy-saving tips, or to enroll in our Budget Plan, please see our Web site, Questargas.com," Allred added.

Note to reporters:

Last year's increases totaled about 35%.

This year's decreases total about 22%.

A natural question for customers is: "How does that get us back to where we were?"

It's in the math.

Example:

A 50% increase on a \$100 bill takes it to \$150.

A 33% decrease on that \$150 bill takes it back to \$100.

The typical monthly Questar Gas budget bill in June '05 was \$86.43

After today's request it will be \$84.05

For more information, visit Questar's Internet site at: <http://www.questar.com>.